

proceed unless we have order in the Chamber.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho has recognition.

Mr. CRAIG. Madam President, I yield to the majority leader.

#### MORNING BUSINESS

Mr. DOLE. Madam President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Idaho.

Mr. CRAIG. I thank the Chair.

(The remarks of Mr. CRAIG pertaining to the introduction of S. 1402 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

(Mr. BENNETT assumed the chair.)

#### THE DEMOCRATS ARE ALIVE AND WELL

Mr. DORGAN. Mr. President, on November 6, 1995, one of the leading periodicals in our country hit the newsstands—U.S. News & World Report. It says "The Democrats: Is the Party Over?" It is one of those stories about "the Democrats are dead."

Well, I encourage the U.S. News & World Report to get some airline tickets for some of those reporters and move them around the country today and ask what happened in the country yesterday. I suggest that they go to Kentucky, go to Maine, travel to New Jersey, visit with some folks who have pitched their tents on principles, once again, and see the campfires all around this country of Democrats, who stand for things that are important to the future of this country.

I think it was Mark Twain who said, in response to a report in the newspaper that he had died, "The reports of my death are greatly exaggerated." Well, those who, for months, have been dancing around the bonfire chanting about "the death of the Democratic Party," the resurrection of the Republican Party, and the lasting control of the Republicans in the American political system, might want to take a deep breath and look around at the results of yesterday's elections in our country.

Yes, it is true that yesterday, as is almost always the case, the Democrats were badly outspent. In many cases in these races, it was 4-to-1, 6-to-1, 8-to-1. The Republicans had more money. But the Democrats were never outworked, and never will be in our political system. Yesterday, county to county, town to town, all across this country, Democrats sent a message that we are alive, well, fighting, and winning, for things that are important to our country's future.

I think part of it yesterday was the American people responding again to our agenda about creating a growing

economy, building good jobs with good incomes, educating our children in the world's finest schools, cleaning up our environment, and standing for the values and virtues that made this a great country and will make it a great country in the future. And, yes, even more than that, people from Kentucky, to Maine, to New Jersey, to the west coast, yesterday, also stood up and not only spoke for Democratic candidates—candidates who ran on a platform of hope and opportunity, a platform of building for the future, understanding we have always had the burden of being the builders.

If you look at almost anything that has been built in this country that represents hope and progress, it has been the Democrats who decided that is what ought to be done for America's future. We have had folks that always had seat belts on saying, no, we do not want to move ahead, do not want to do this or do that.

I am proud of our legacy and heritage, and I am proud to note that although we may be outspent, we are not outworked, and there are lots of Democrats across this country who are willing to stand for and fight for the kind of policies that will build a better future in America.

Yesterday, voters also spoke, in my judgment, about another agenda, the agenda of the new Speaker, Mr. GINGRICH, the Contract With America, and leadership in that direction.

I think the American people rejected yesterday an agenda that has as its centerfold tax cuts for the wealthiest Americans and budget cuts for the rest of Americans; an agenda that says we do not have enough money to provide an entitlement for a poor kid to have a hot lunch at school, that says we do not have enough money for health care for the elderly and the poor, but an agenda that says we have plenty of money for star wars, we have plenty of money for B-2 bombers nobody ordered, F-16's and F-15's that nobody asked for, for planes, ships, and submarines that nobody wanted. We have lots of money for those things, but we do not have enough money for the 55,000 kids now on Head Start who get kicked off.

That is what the voters were saying. Those priorities are out of whack. Those are not mainstream values. Those are extreme kinds of positions that the voters have told Speaker GINGRICH and others we reject.

I am proud, today, proud that so many around our country, men and women, State after State, were willing to stand up and speak out as part of our political process and stand for the values and the things that we believe in as Democrats—fought and won, in many cases, against the odds. When you are outspent, when the other side has more resources, you have to work harder.

I say in the context of this, I am proud of everybody that participates in this political process, Republicans and Democrats. The easiest thing for peo-

ple to do is do nothing and complain about it. The toughest thing is to stand in the ring and stand up and speak out for things you believe in.

I believe everyone who participates is owed a debt of thanks in our system, but I am especially proud in light of the kind of things we see in our country, written about a party that I am proud of, things that say the Democrats maybe are dead; the Democratic Party, the party is over for you folks.

I am particularly proud yesterday that all across this country we had people, American people—yes, Democrats—sending a message back to those who pronounced our death, and say, as Mark Twain did, "Reports of our death are greatly exaggerated."

We believe in something special for the future of this country. We preach hope and opportunity. We preach values and virtue. We preach a return to the days in this country where everybody can understand that we are doing things for America as a whole.

We believed, in North Dakota years ago when the wagon trains forged West, we believed in that lesson that was learned the hard way, that no wagon train ever moves ahead by leaving some wagons behind.

We have a policy in this country these days by those who have the votes to enforce it that says some folks are out of fashion. If you are poor, tough luck. If you are old, that is even tougher luck. Somehow if you did not make your way, you are left behind.

That is not the best of our country. Our country will be strongest and our country will meet the future with the kind of opportunity we should have forever, when we decide that public policies that invest in jobs, expanded opportunities and education are the kind of policies that will come out of the U.S. House and the U.S. Senate.

In the coming weeks and months, my hope is the American people, having sent a message yesterday through the ballot box, my hope is the American people will see the best of this political system. The best of this system will provide that those on the Republican side of the aisle and those on the Democratic side of the aisle will offer their best ideas and will choose from those good ideas, that menu of good news that comes from all sides, and then use those ideas to move America ahead. That will be the best our political system can offer to the American people. It is my hope for the coming months.

I wanted to take the floor today to say that yesterday, at least for me, was wonderful news. I think for our country it was good news. Our country needs a healthy two-party system. Those who believe somehow that on this side of the aisle we do not have the strength, vitality or ideas to compete in America's political system any more are dead wrong. That was proved yesterday in the elections across America, and it will be proved again and again leading up to the Presidential elections and

elections for Congress and State and local offices all across this country in November 1996.

Then, I think U.S. News and other periodicals will write another headline, another cover page. I have a hunch I know what that cover page will be. I hope to come on the floor with a broad smile and say that happy days are here again and the vision and the hope and the dreams of Democrats for a better America will be realized again and again and again in the future.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BENNETT). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, I ask unanimous consent I be allowed to proceed for up for 25 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### RECONCILIATION

Mr. GRAHAM. Mr. President, on Friday of last week and again yesterday, I began a series of talks on the Medicaid Program. In my first discussion, I pointed out to the successes of Medicaid—successes at reducing infant mortality by 21 percent in this Nation between 1984 and 1992.

Yesterday, I discussed trends that have led to the growth in Medicaid spending. These included: demographic changes, including the fact that our population is living longer and that this greater longevity means more people are relying on Medicaid for longer periods; problematic changes that have expanded coverage to combat infant mortality among our Nation's children and to provide long-term care for our Nation's frail elderly and disabled; and the loss of private-sector health insurance, the fact that a shrinking percentage of America's children are insured through their parents' employer.

This last point, Mr. President, was reaffirmed in today's Journal of the American Medical Association, which says that 3 million children lost private health insurance between 1992 and 1993.

Mr. President, I ask unanimous consent that today's article in the Washington Post, entitled "Medicaid's Safety Net for Children Could Be Imperiled," be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRAHAM. These, Mr. President, are major factors that have contributed and will contribute to Medicaid growth.

Today, I want to talk about the policies of the Senate which have been adopted for the future of Medicaid.

Mr. President, Halloween came early this year. In the dark of night, immediately prior to the passage of the Budget Reconciliation Act on the Friday before Halloween, the Medicaid formula was written by the architects on the reconciliation package.

Amazingly, the rewritten, revised Senate bill handed out treats—treats in the form of \$10.2 billion mainly to States that were the prime abusers of Medicaid disproportionate share hospital funds in recent years. The Senate is preparing to reward States that have manipulated the Medicaid system by making permanent their past misdeeds.

How did the authors of this amendment pay for these treats dished out on the Friday night before Halloween? They imposed trickery on the elderly by raiding \$12 billion from the Social Security trust fund.

What are these Medicaid misdeeds that are about to be rewarded and made permanent? They are what is referred to in Medicaid as the disproportionate share hospital program, known as DSH.

What is disproportionate share? The intent of the disproportionate share hospital payments originally enacted in 1981 is to assist hospitals that treat high volumes of Medicaid and low-income uninsured patients with special needs. Recognizing that these hospitals would have a small private insured patient base with which to recover funding for the cost of treating these uninsured, Congress intended that these disproportionate share hospitals receive payments to supplement their other Medicaid payments.

In fiscal year 1989, Federal funding for Medicaid DSH payments was just \$400 million.

However, in coming up with their share of those funds, some States begin to see the huge potential in the use of donations and provider tax revenue as the State share of Medicaid expenditures.

Provider taxes and donations allowed States to draw down Federal Medicaid funds while backing out of providing their State matching share and sometimes effectively pocketing the Federal share of money meant for disproportionate share hospitals.

The original good intention, to meet the special need of hospitals, was creatively abused by States across the Nation.

Abuse was so great that, between fiscal year 1989 and fiscal year 1993, Federal spending for Medicaid disproportionate share hospital payments grew, if you can believe this, from \$400 million in 1989 to \$14.4 billion in 1993, a 3600-percent increase.

By 1993, DSH payments amounted to one-of-every-seven Medicaid dollars.

According to the Kaiser Commission on the Future of Medicaid, DSH payments were roughly equal to the sum of Medicaid spending for all physician, laboratory, x ray, outpatient, and clinic services that year.

In Alabama, Connecticut, Louisiana, Maine, Missouri, New Hampshire, and

South Carolina, Medicaid disproportionate share hospital payments actually exceeded regular Medicaid payments for inpatient hospital services.

This rapid growth, a 3,600-percent increase in just 4 years, was a major factor in the overall Medicaid growth from 1989 to 1993.

I discussed that issue in more detail in my remarks delivered yesterday.

The Urban Institute, in a 1994 publication, estimated that between 1990 and 1991, DSH payments accounted for 20 percent of all Medicaid spending growth. In that 1-year period, DSH payments were 20 percent. But, between 1991 and 1992, DSH payments were responsible for 51 percent of Medicaid spending growth.

How did this occur? According to the Health and Human Services Inspector General Richard Kusserow, who served during the administration of President Bush, in a report dated July 25, 1991:

The growing popularity of provider [tax and donation] programs, in our opinion, is due to States' awareness that a window of opportunity exists for them to alleviate their own budget programs to the expense of the Federal Government.

States are fully aware that they had better take advantage of this opportunity while it exists.

One State official went so far to say that "State officials might be regarded as derelict if they did not take advantage of the Federal law."

Incredibly, this occurred in a manner that, although named the disproportionate share hospital program, provided some heavily impacted Medicaid hospitals with little or no benefit.

This and other types of scams by States were detailed by the Prospective Payment Assessment Commission in a report requested by Congress and completed on January 1, 1994.

As the Commission noted,

Although State Medicaid programs reported spending \$20 billion more in fiscal year 1992 than in fiscal year 1990 for inpatient services in short-term hospitals, these hospitals received substantially less than a \$20 billion increase in Medicaid revenue. Part of this discrepancy is attributable to situations in which state Medicaid programs allocate DSH payments to hospitals that never actually received or controlled the payment as revenue.

In an April 1995 report, the General Accounting Office noted that States often churned or even laundered Federal Medicaid dollars through State hospitals.

The GAO report said:

State hospitals received \$4.8 billion in DSH payments. However, hospital officials indicated that only a small share of the gains were actually retained and available to pay for health care services, such as uncompensated care. Instead, most of the gains were transferred back to state general revenue accounts.

In sum, paper transactions without paper money.

In fact, researchers at the Urban Institute concluded that:

[A] high share of the funds are being diverted from direct health care to general